

**Memphis and Shelby County  
Metropolitan Government Charter Commission**

**Minutes  
May 13, 2010  
4:00 p.m.**

**Commission members present:**

Julie Ellis, Chairman  
Andre Fowlkes, Vice Chairman  
LouEtta Burkins, Secretary/Treasurer  
Damon Griffin  
Linda Kerley  
Billy Orgel  
Chris Patterson  
Carmen Sandoval  
Jim Strickland  
Rufus Washington`

**Commission members absent:**

J. W. Gibson  
Mayor Richard Hodges  
Richard Smith  
Dr. Randolph Meade Walker  
Rev. Ralph White

**Others present:**

Bill Dries, The Daily News  
Jack Payne, Asst. City Attorney  
Mayor Keith McDonald, Bartlett  
Mayor Sharon Goldsworthy, Germantown  
Mayor Stan Joyner, Collierville  
Brian Stephens, Rebuild Government  
Robert Santucci, CWA Local 3806  
Davida Cruthirds, Rebuild Government

Scott Sigman, Greater Mphs. Chamber  
Regina Newman, Trustee  
Grace Hutchinson, Co. CAO's Office  
Clay Bailey, Commercial Appeal  
Mike Carpenter, Co. Commission.  
Bill Hawkins, IBEW  
J.D. Sowell, Mphs. Police Assoc.  
Patrice Thomas, City of Memphis

The 17<sup>th</sup> meeting of the Memphis Charter Commission was called to order at 4:10 p.m. after a moment of silence.

Chairman Ellis called the roll and announced there was a quorum (10 present).

**Approval of Minutes:** Comm. Sandoval moved approval of the Minutes of the May 6, 2010, meeting. Commissioner Patterson seconded. Commissioners unanimously voted aye. The Minutes of May 6, 2010, were approved.

**Administrative Update:**

Matt Kuhn: Grace Hutchinson of the County Administration and Finance Office is here to provide information on the services provided by the County Government. Commend intern Stephen Strausberg for his hard work. A Joint County Commission, City County and Charter Commission meeting is scheduled for June 24 at the FedEx Institute. The Executive Committee is looking for venues for the public hearings to be held in July. The Executive Committee is requesting that all Commissioners make every effort to attend the August 5 meeting for the final vote. Two Commissioners have already advised they will be out of town that week. The Executive Committee will consider July 29 as the date for the final vote. The Executive Committee will meet next Wednesday at 11 a.m. on the 5<sup>th</sup> Floor of the Crescent Center to delve into the executive functions of the metro government. Task Force 10 will meet that same day at 1 p.m. at the Crescent Center.

Kelly Rayne, City Mayor's Office: Not present.

Christy Kinard, Asst. County Attorney: Not present.

Jack Payne, Asst. City Attorney: No updates.

### **Report on Ethics by Rebuild Government – Brian Stephens**

Rebuild Government conducted two surveys over the course of three and a half weeks to try to delve into the ethics issue. The recommendations already in place are pretty good and meet the Tennessee standards on a model code of ethics. Rebuild Government recommends increasing the model code to provide the most protection possible. The additions submitted incorporate the recommendations the Charter Commission has already passed with some additional suggestions to add more teeth. The respondents have suggested that they want the Independent Ethics Commission (IEC) to draft the code of ethics, not the legislative body. Rebuild Government has added several key components to the minimum requirements to go into the code. Annual training will be required.

1. Prohibitions against claiming perks of office (gift and travel restrictions, use of public resources for personal use)
2. Elected officials must undergo annual ethics training and may be barred from serving until annual training has been completed.
3. A recall provision for all elected and appointed officials.
4. Prohibitions against personal financial gain by public officials (laws relative to prohibiting bribery and conflicts of interest)
5. Requirements for government transparency (financial interest disclosure requirements and penalties for transgression).

6. Requirements for fair processes (common bias prohibitions, fair procurement processes).
7. Requirements for fair and respectful treatment of employees.
8. Prohibitions against elected officials soliciting campaign donations, accepting campaign contributions and/or donations from government employees. Section 8 is a lot stronger than it is currently. No Christmas gifts, no birthday gift requests. This recommendation is stronger than that of the State of Tennessee, but people have indicated they want this section to be stronger.
9. Safeguards for public resources (procurement practices; improper use or theft of public resources).
10. An anti-nepotism policy. People overwhelmingly thought this was an important section to be in the code. A policy should be drafted by the Independent Ethics Commission and added to the Ethics Code.
11. Prohibitions against family members of elected officials doing business with the office of the elected official or working in the same office.
12. Authority for the IEC to publicly censure violators of the Ethics Code.
13. Requirement that lawmakers, staff, executive employees disclose outside job negotiations.
14. Requirement that all committee and commission meetings be open to the public and reports and agendas of these commissions to be available on the internet 24 hours prior to the vote.
15. Requirement that appointee to a public safety position have proven credentials and training in one or more relevant areas.
16. Requirement for oversight of government contracting. Require stiffer penalties for fraud and conflict of interest violations.
17. Prohibition against the use of public service to provide personal benefit to oneself, a family member, client of business partner or acquaintance.
18. Prohibition against investing in any financial business, commercial or private transaction that is a conflict of interest with the duties of an official or employee.
19. Prohibition against soliciting, accepting, or receiving a gift of any kind if it could be inferred to influence performance of duties or intended as an inducement for an improper action.

20. Laws that prohibit influence of other elected or appointed officials, employees or entities that receive public funding in performing their duties.

The IEC has the power to hire and fire the Ethics Officer and their budget is protected from being dismantled by the legislative body. It has the power for public censure. It has the power to develop civil penalties. The State Election Commission has the power to give out civil penalties when they see a violation. The enabling statute also gives the local agencies the power to develop civil penalties for certain violations.

Comm. Patterson expressed some concern regarding No. 8 and the prohibition against solicitation of campaign donations; perhaps this prohibition is unconstitutional.

Mr. Stephens: I would suggest that you try to pass the strictest possible code. If counsel determines there are some of these issues that are not enforceable, they can be resolved in the writing committee.

Comm. Strickland expressed some concern about whether the IEC could prohibit an elected official from serving until he had received his mandatory annual ethics training, but overall the recommendations were good. "Strong ethics rules build faith in government and will build faith in the proposed metro government."

Comm. Strickland made the motion to adopt all of the recommendations of Rebuild Government. Comm. Kerley seconded the motion.

Chairman Ellis: The Ethics Task Force recommended a strong provision that you could not hire or fire or control any member of your family (anti-nepotism policy). Is Rebuild Government proposing that no one work for metro government that has any other family that works for metro government?

Mr. Stephens: Rebuild Government is only recommending that the new ethics code have anti-nepotism policy. There were no recommendations on the specific policy. The IEC should be allowed to develop the policy with the HRM of the metro government and allow them to determine an appropriate nepotism policy.

Comm. Fowlkes: Were the people surveyed more concerned with the appointed or elected officials or all government employees down to the blue collar workers? Relative to No. 8 and the thousands of government employees, would none be able to give to an elected official's campaign?

Mr. Stephens: That is what we heard and in the survey results, people saw no difference between elected officials, and people appointed to different commissions, paid or unpaid. It made no difference to them in the ethical standards that they wanted them to be held to. As far as employees, there was a little drop-off, but an insignificant amount. Everybody said strong ethics across the board. No. 8 has come out of the fact they want to make sure that employees are protected; they don't want the employees to

be beholden to elected officials. There were many suggestions that said, just stop them from contributing, that way they don't get asked for campaign funds. In some areas, that is only been for civil service people or non-appointed positions and appointed people were allowed to participate more freely in elected campaigns. That will be a decision for this body. That comment is what we heard.

Comm. Washington: What would be the composition of the Independent Ethics Commission?

Mr. Stephens: We did not make a recommendation. Rebuild Government could not get a consensus among the respondents. Let the legislative body determine the composition of the IEC.

Comm. Patterson made a motion to amend to remove No. 8 from the recommendations. No. 8 appears to be unconstitutional.

John Ryder: The reason you have civil service is to protect the employees from the overbroad solicitation, the demand that employees make campaign contributions in order to retain their employment. At the same time, under the Federal Hatch Act and State Little Hatch Acts, employees are free to make voluntary contributions. There are constitutional limitations; you cannot prohibit employees from making contributions; that is their constitutional right to free speech and political expression.

Mr. Stephens: I am not acting as a lawyer in the capacity of presenting these. I am presenting what the people have indicated to us. If it is not legal and it cannot be done, it cannot be done, but I am not going to filter the information before I present it.

Comm. Patterson: I appreciate that and that is why I would just move to amend that one section because I like the idea of the heightened ethical standards.

Comm. Strickland accepts the amendment as a friendly motion.

Body voted unanimously to approve.

Mr. Stephens: Thank you for listening to the people and I hope that the press will report that you were responsive to the people that are providing input and hopefully this will encourage new people to get involved in what is going on down here.

### **Roundtable Discussion of Delineation of Urban vs. General Services**

Chairman Ellis: Documentation provided with the help of the Executive Committee: List of general or urban allocations for the charter that was devised from the task force recommendations on services. It has been compiled from the various charters we have from our benchmark cities. There is a delineation from the Jacksonville Charter as to how the service districts are defined and the description of services in the general

services districts and additional services in what is called their first urban service district which is the City of Jacksonville. That would be related to our one urban service. There is a copy of the Nashville Charter which also addresses the two service districts and their areas and they define those as well as the services. The Knox County Charter is attached. The Knox County Charter was tabled in 1996 dealt with this differently because it is a tax issue. They have it in their finance and taxing area and they deal with it as a taxing authority for both of the services areas. They talk about the three taxing areas of general, urban and special. Those are source documents for us to understand what this looks like in a charter. The Executive Committee spent two hours with the help of Mayor Goldsworthy (Germantown) going through the list of services and she provided great input.

Jack Payne, Assistant City Attorney: Ms. Patrice Thomas is from the City's Finance Division and is the City's Comptroller. She is here today to give you input on the source of funding for the services provided by the city government.

Ms. Thomas: The City of Memphis, does in fact, provide most of those services. The City does not provide airports, agricultural agent, child care, hospitals and jails. There are two other items on the list which the City does fund through its enterprise fund, Memphis Light, Gas and Water, electricity and water. All of the other items on the list are funded via either general revenues, user fees or general obligation bonds.

Chairman Ellis: Could you go down the list for us and tell us whether or not they are funded with tax revenues or fees? That would be helpful.

Ms. Thomas: For additional fire services, the City of Memphis does have a fire division which we fund. That fire division is funded via general revenues. The police division is funded with general revenues.

Alcohol supervision	General revenues
Ambulance services	Combination of general revenues and user fees.
Code enforcement	General revenues and user fees which would also include code management/building/electric/plumbing/housing
Community development and redevelopment –.	General revenues and federal grants
Commercial vehicle regulation	General revenues
Courts	General revenues
Economic development	General revenues and federal grants

Electricity and water	MLGW user fees
Emergency/911	User fees and general revenues
Environment	General revenues and user fees
Garbage and refuse collection	User fees and general revenues
Libraries	General revenues and user fees
General administration	General revenues
Health and general welfare	Up until Fiscal 2010 was funded via general revenues. However, there is no funding proposed for Fiscal 2011. (Health Dept. funding)
Planning	General revenues
Property assessment	General revenues
Public assembly facilities	General obligation bond proceeds
Public transportation	General revenues
Rail (trolley system)	General obligation bonds, federal and state grants
Sanitary sewers and Storm sewers	Both funded wholistically with user fees
Street lighting	General revenues
Street cleaning	General revenues
Recreation and parks	General revenues and user fees
Streets and highways	General obligation proceeds and general revenues
Traffic engineering	General revenues

Ms. Thomas: I will provide this information in writing.

Comm. Washington: Explain your use of the term general obligation proceeds.

Ms. Thomas: General obligation bonds are debt that the City of Memphis issues to support most of its capital improvement projects.

Comm. Washington: Explain enterprise funds.

Ms. Thomas: The enterprise funds would be funds that are supported wholistically – either whole or in part by user fees; so they are activities of the City that are expected to be self-supporting. The City's enterprise funds consist of our storm water and sewer funds.

Comm. Strickland: Do you know which of these we operate jointly with the County?

Ms. Thomas: The Office of Planning and Development is a joint operation. Prior to Fiscal 2011, the Health Department was a joint operation. Joint operations are split evenly.

Comm. Fowlkes: These are very broad categories and we were broken up into different task forces to explore different areas that may fall under some of these categories.

Comm. Strickland brought up a couple that may have been joint, but for purposes of economic development, from our meeting last week we had talked about the Convention Center Commission falling under Economic Development going forward. I believe that is a joint one as well, but I think it is also funded from the motel/hotel tax. Do you know the breakdown with regards to the Convention Center and general or urban?

Ms. Thomas: I can get that information for you.

Comm. Strickland: The Convention Center ideally operates on the extra sales tax at hotels; but in bad years such as this year with fewer travelers, the City and County will subsidize the Convention Center at approximately \$1 million each.

Ms. Thomas: Both the City and the County generate comprehensive annual financial reports which lists all of the programs supported by the City and the County and would have the associated expenditures. The annual financial reports would list the joint ventures as well. The municipalities would presumably generate their own comprehensive annual financial reports to be submitted to the Government Financial Officers Association and the information would probably be laid out similarly that would facilitate comparisons.

Comm. Fowlkes: When we are looking at trying to create a charter document and define some language around general versus urban, I see some specific areas or specific services provided that may not be on the list but are categorized under list; so going forward, since we are establishing to the writing committee new departments which are going to have different services under them, it is hope that we don't leave anything out; and do we rename these things so that encompasses our recommendations? Example: Memphis City Beautiful. We decided that would fall under parks and recreation; we called it something different. Is that how we are doing it? Are we just making sure we don't leave it out, if there are a few that we don't see on there; do we put them under a classification or do we have to list them?



Chairman Ellis: I think that is a question for the commission as to the depth that goes into the charter in describing normal city services and normal county services, urban/general. Those are questions we have to address.

Comm. Sandoval: We need to define that before we move forward and I want to propose that we keep these categories as broad as possible because I don't think we need to get into somewhat of a shopping cart mechanism where we are breaking down every single service. We want to create something that is going to withstand 30 to 50 years from now.

Comm. Patterson: Likes the idea of not getting too detailed in the charter, but at the same time, I am consistently asked over and over again, "what will this mean for me?" and that usually means, "what is the impact on my property taxes?" In order to answer that, we have to know what the property taxes fund. In order to answer that, we have to say, are these services general or urban? We have to decide what is general and what is urban. If the question is out there, people are not going to support it. When my neighbors in Germantown ask, how will the new charter impact our taxes, are our taxes going to go up, unless we know what the taxes fund, we will not know how taxes will be impacted.

Comm. Strickland: Agrees with Comm. Patterson. There is going to be a certain distrust for the metro council in the suburbs. The majority of the people who live in the county live inside the City and will probably have more people on the council. The more specific the charter is with respect to urban and general, would give people in suburbs some level of comfort that the council cannot dump responsibility for Memphis problems onto the suburbs and to change it would take a vote of the people and I think that would give them some comfort.

Chairman Ellis: The Finance Task Force recommended reallocation language that precluded the percentage change of taxes for services to be delivered. When the public hearings begin, we will be asked what are you doing with this service. Does that represent a change? How much is the change? Also, there is a third tax district other than being what the city was, the urban; the general being the county; and there were special tax districts. Special tax districts have been utilized in the consolidated governments to address other unincorporated areas and other growth areas.

Bill Hawkins, IBEW: You mentioned MLGW, the electricity, water. You missed street lighting because we provide street lighting for the City and the County. My question is this: What are your intentions relative to MLGW if you consolidate the City and County Governments? MLGW is a division of the City of Memphis. A number of these things from the list appear on your MLGW bill; that is how the fees are collected. You look at your bill; you see a fee for this, rat fees, sewer fees, storm water. What is this body's intention for MLGW?

Chairman Ellis: Task Force 1 of this Commission recommended that MLGW would become an authority of the metro government. It would become an entity owned by metro government. It would continue its services unchanged.

Grace Hutchinson, Deputy Director, County Administration and Finance: On behalf of Shelby County Government, we do criminal justice, courts, jails, health and we fund schools; these are our primary obligations. When we deal with fire and police, I am going to use my names for those. We do provide fire services for the unincorporated county and they are paid for by fire fees charged to those citizens. Our police force, our law enforcement entity is the Sheriff's Department and that law enforcement component is provided by Sheriff's Deputies. They are funded by our general fund or general fund revenues which are partially funded by property taxes, but other general government revenues combined to provide that funding. On the airports, while we do not provide operational funding for the airports, we have in the past provided some capital funding.

Alcohol supervision

There are a couple of areas where it comes into play for the county. Through our drug court there are programs for substance abusers. A significant portion of that is grant funded, but there are some general revenues and fees (DUI) directed to the programs. We also have mental health programs that are designed to keep citizens with mental illnesses out of the jail. We have some detox components. General and grant revenues support those programs.

Agricultural agent

The County provides partial funding for the agricultural agent and this is basically a joint operation with the State of Tennessee. General fund revenues jointly with State of Tennessee and the Univ. of Tennessee

Ambulance service

General revenue

Child care

The county does not fund childcare. However, we have a Head Start program. Head Start is fully funded with federal grants – but is a component of Shelby County.

Code enforcement

A joint agency funded with its own fees generated from its business operations. However, it is anticipated that fees will not be sufficient this year to cover expenditures. It has been addressed in the 2011 budget process. General funds will be used. (Code management is included with code enforcement)

Community Development and Redevelopment	The majority of funds coming from federal and state programs go to City of Memphis; The County has received an urban county designation and the County gets a small portion of grants that come to the county for this purpose.
Commercial vehicle regulation	Private vehicle regulation also. The County Clerk collects these fees on behalf of Shelby County. That operation is funded with fees generated by this and other business operation of the County Clerk.
Court system	This is one of the primary responsibilities of the Shelby County Government. It is funded somewhat, to a minor degree, with fines and fees collected (court costs); but predominant funding comes from general revenue funds
Economic development	The County participates with the City on some of the programs such as the Industrial Development Board (IDB), the Center City Commission through joint appointees for those boards and through the redistribution of some of the revenues that are collected through those operations. Most of this area for Shelby County would come from those types of revenues or from specific grants from federal or state entities.
Electricity	MLGW – (not under county) The County does not provide street lighting to the unincorporated areas. Street lighting is uniformly provided by the municipalities
Emergency/911	Joint agency that the county shares funding with the City of Memphis. Includes homeland security
Environmental	This is our EPA function. The monitoring function currently resides under the Health Department supervision and receives significant federal grant dollars; some fees are received from violators and other approved fees associated with the function of this area. The EPA function is self-sufficient.
Garbage and refuse collection	The County does not provide garbage and refuse collection. Citizens contract with private entities for these services in the unincorporated areas of the

county. The municipalities provide these services for their residents

Germantown contracts for garbage collection and charges citizens \$24.50. Collierville has its own collection function and charges \$19.00. Bartlett has its own collectors at \$20.00. These municipalities pick up yard waste as well as garbage.

Comm. Fowlkes: Is the Conservation Board lumped in with the agricultural agent?

Ms. Hutchinson: I would probably put it with parks and recreation. Most of what is under the Conservation Board are preserved areas, whether or not they have been developed, that may potentially be used for recreation areas or parks.

Libraries	The County funds only one library, the Southeast Library in unincorporated Shelby County which is funded with general funds.
General administration	This area is funded with a broad range of revenues; all of the county's revenue sources share in the burden – grants, enterprise funds
Health and general welfare	The Health Department has a significant amount of grant funding, both federal and state in addition to general revenues.
Hospitals	The Med is our primary and only hospital that receives support from County government. Both the City and the County support The Med. In the past, it has been supported with operating monies and with capital monies. The capital funds have been bond generated. Operating funds are from general funds.
Jails	The County operated two jail facilities. One is post-sentence facility which is our Corrections Center. It is predominately state-funded. The split on those housed at the Corrections Center is 80% post-sentence housed on behalf of the State of Tennessee. 20% are misdemeanants housed on behalf of Shelby County. The non-state funds that fund the Division of Corrections are general revenue.
Property assessment	The County does fund the Assessment function on behalf of Shelby County. We provide these funds from general revenues. During reappraisal years, the cost of the reappraisal process is shared with the other municipalities on a proportional basis.

Public assembly facilities	The Convention Center is a service that we share with the City of Memphis. The bond issues and operations have been funded with hotel/motel tax revenues. To the degree that debt service and operations exceed the revenue streams, additional operating costs are funded with general revenues.
Public transportation/rail	The County does not provide public transportation nor rail.
Sanitary sewers, storm sewers Water, utilities	All are provided through MLGW. There is one small exception. The county does operate one treatment system in Millington.
Storm water	The County does have a storm water management program. It is funded with fees collected.
Street lighting	The County does not provide street lighting in the unincorporated areas of Shelby County.
Street cleaning	Anything having to do with roads falls under our Roads and Bridges Department, a division of Public Works. It is funded with state tax revenues. There is currently no general revenue contribution.
Recreation and parks	Shelby County, through the Conservation Board has transferred the majority of parks owned and operated by the County, to other entities, some non-profits and some to municipalities. Very few parks or recreation areas remain; those that have not been transferred are mostly in the unincorporated areas of Shelby County.
Streets and highways	This area falls under our Roads and Bridges Dept.
Traffic engineering	The engineering office has been downsized and is partially funded by the same revenue stream as our Roads and Bridges (gas tax)

If you are dealing with the breakout of our property taxes, about 50% of our property taxes are earmarked for school operations. In addition, we have the debt we support on behalf of our school systems.

Comm. Strickland: The big item, what percent generally – you said schools are about 50%; what is next?

Ms. Hutchinson: Keep in mind that property taxes only fund about 50% of the county's general fund. As we deal with percentages, keep that in mind. Dealing just with property taxes and where they go, 50% go to fund school operations; another 20+ percent will go to fund debt service and the balance partially funds many of the services cited here today.

Comm. Strickland: Is the jail under the Sheriff's budget?

Ms. Hutchinson: The jail is under the Sheriff's budget.

Comm. Strickland: What is the jail and the Sheriff's budget, percent-wise?

Ms. Hutchinson: Half of our general fund which is about \$350 million – the Sheriff's operation, including the jail and law enforcement and anything else that is under the jail, including court security is about \$130 -140 million of that \$350 million, about one third.

Comm. Strickland: And how much goes to The Med?

Ms. Hutchinson: Traditionally we provide \$27 million. This fiscal year, we have provided an additional \$10 million which will go to State of Tennessee to get matched by federal dollars.

Comm. Strickland: Shelby Farms is one of the parks you have contracted with a non-profit? Do you contribute anything to their operation? Do they come to the County for capital improvement projects? They have plans for improvements like planting a million trees and expanding Patriot Lake. Do you know if they would expect the County to participate?

Ms. Hutchinson: Yes. We contribute – in the past we have contributed about \$250,000. Shelby Farms has come to the county for help with capital projects. I would say that if bonds are required, they would be looking for an entity to issue them on their behalf. They would not go to the bond market themselves.

Comm. Orgel: Is it true that 20% of the budget goes to retire debt? Is that out of line with the average?

Ms. Hutchinson: That is 20% of the property tax revenues.

Comm. Orgel: So, it is 10% of the budget?

Ms. Hutchinson: The annual debt service is \$160 million. There are other revenues that go to support that debt, not just the property tax. There are other things that are earmarked for debt. The general fund budget is \$350 million. Our total budget is \$1 billion. Now, of that billion, \$360 million goes to schools (city and county).

Chairman Ellis: If 50% of the county budget is raised in property taxes –

Ms. Hutchinson: Of the \$1 billion, the general fund portion is \$350 million. 50% of that general fund budget comes from property taxes which is the portion of the property taxes directed to general government, the non-schools, non-debt service piece.

Chairman Ellis: How much property tax do you raise in comparison to the billion dollar budget?

Ms. Hutchinson: \$690 million in property taxes out of \$1 billion, with the rest coming from fees and grants. The county also pays for all of the constitutional officers' budgets and operations; however, some of those offices are fee generating such as the Trustee. The offices that generate fees generally generate more revenue from these fees than their budgets cost.

Comm. Strickland: Is there a task force, or are we going to work through this as a whole?

Chairman Ellis: We have been working it through the Executive Committee for purposes of getting information to bring a tutorial to the commission on what it looks like in other charters.

Comm. Strickland: This may be the most important thing that we do and it is complicated. The urban services district is going to be Memphis, but if you look at our suburbs, Germantown, Collierville, Bartlett, are full service cities. It doesn't seem to make sense that they would pay the same metro government tax rate as the unincorporated parts of the county. To work through all of these issues, it seems like we have got to get a small group from the charter commission to do it and we have to get the suburban mayors to help work through. Probably cannot handle it in full commission.

Chairman Ellis: Comm. Gibson, Comm. Orgel and Comm. Patterson will work with the executive committee, with some guidance from Mayors Goldsworthy, McDonald, and Joyner to start working through which services will be urban or general.

Mayor McDonald: The commission needs a list of the things that the municipalities provide. The only tax base Lakeland has is their state shared tax rate on the sales tax and that is how they fund the services they provide. Bartlett provides most things that Memphis provides. Memphis and Bartlett have ambulance services; other communities are equally satisfied with their agreements to contracted party provide ambulance service. One of the biggest hurdles is to convince people who are not currently paying taxes for some of these services why they should begin to do so. Good to provide what services the suburbs provide and then talk about what we agree should be joined together. You have additional fire and additional police on the list of services. We either have fire and police or we don't. We don't have additional fire and police.

Chairman Ellis: The reason it is on there is because in the benchmark “charters under urban services, they have additional police for the urban service as opposed to the total general service.” That is the way they were broken down in those older charters.

Mayor McDonald: So, in our cases, then you would have general level for those who use the Sheriff’s Dept. now and you would have what you are calling additional police would be our police and whatever additional you would subscribe to the City of Memphis.

Chairman Ellis: And possibly, crime deterrent systems that are being developed. The concept there is what does everybody invest in in order to protect this county that goes beyond what you do.

Mayor McDonald: We are very much in the infant stages of sharing that information, the Real Time Crime Center currently is a Memphis center and the information is Memphis and we have entered some very early stages of discussion about how we broaden that out not only to Shelby County, but more regional to the three state region. And that is something with or without consolidation we need to be doing and we will pursue those under the UASI funds. We need some joint conversations about what those services are, services that we currently have that we are already paying for; smaller amount per person. There are some areas where we won’t be smaller. Some of our sewer fees – It is cheaper to get Memphis to treat our sewer than doing it ourselves. That is true in Bartlett. There are some things that we know the larger community can do cheaper. Some reasons for that is the federal funding that was provided years ago to build those facilities which were supposed to be regional facilities, but they are being controlled by the City of Memphis and access from the suburbs have been stingy.

Chairman Ellis: Since you know the process that we are under, where we have to identify in some way, either leave it to the new metro government and say normal county services and normal city services, or be prescriptive – that allocation, from your standpoint, would be good to hear from the municipalities. Your views on what would be general under the mandate of this commission would be helpful.

Mayor McDonald: It is very important to get this spelled out specifically. For example, in Nashville-Davidson, everything that was not spelled out, the larger metro government has told the smaller ones, it is general and that we have control over this and if you want to challenge, take us to court. So, the more specific we can be, the less likely we are to have a similar situation.

Comm. Patterson: The challenge will be to convince people that currently aren’t paying for some service that they should, if our efforts are to increase some level of betterment for everyone, what about things they are currently paying for that they are not using? Aside from police, is there something that you feel the municipalities are paying twice for that could be remedied perhaps?



Mayor McDonald: Nothing comes to mind immediately. We have had some discussion with the Health Dept. about the level of services used in the different communities and what services are there that benefit the whole and Comm. Sandoval did a really good job in her impassioned discussion last meeting about the fact that there are some things that we are glad they are there, even though our citizens don't use them as much. The Med's trauma center and burn center are examples of that. Should we be providing health clinics and paying for those services? That is a question that is out there. Who should be paying for those services? There are some things that we have some questions about, the levels of service within them, and whether or not they are appropriately positioned.

Comm. Griffin: When Nashville-Davidson County were having their charter discussions, did the suburbs not have any input? Were they ignored to gray areas that were not specifically mentioned in the charter?

Comm. McDonald: When Nashville made the decision to consolidate, most of the municipalities were small, 2-4,000 people. Looking at trying to consolidate in Shelby (almost 1 million people); and almost one third living outside the core city and probably two thirds of those living outside, living in other municipalities that are chartered cities unto themselves, you have got a totally different dynamic. Bartlett is about the 10<sup>th</sup> largest city in Tennessee. Collierville is right on our heels; Germantown is right on their heels in terms of population, and then you have got Millington and Arlington with about 10,000 each and Lakeland coming up toward 10,000 mark fairly rapidly, so it is a different dynamic; may not be able to compare with what happened in 1960s. We know, not from what they did in the beginning, but where they find themselves now, that the specificity is important.

Comm. Washington: We all assume that Memphis at large will vote for consolidation. We cannot assume that at all. The people I have talked to who live in Memphis are just as anti-consolidation as the people in the suburbs. It is because of this fear of the unknown. How much is going to cost? If we don't get the money right, if we don't get the urban and general services districts right, will not pass. Bartlett does not want to pay for something they are already getting and neither does Collierville or Germantown. I am encouraged because I see all of the suburban mayors at all of the meetings.

Mayor Joyner, Collierville: One of the challenges Collierville has every year are personnel costs. I don't see anything on your list about how you are going to put all of the county employees and all of the city employees together and then determine what the personnel costs are, group medical, OPEB, pension plans, group dental, all of the issues that go along with personnel costs. When you put all of those together, are they going to fall under the urban tax or under the general tax? We looked at electricity earlier. We know electricity is provided by MLGW, but who pays the electric bill for the city buildings; who pays for the county buildings? Right now, our county tax rate pays a portion of the utility bills for the county buildings and the county operation. Are we looking at that being a general services tax or is it going to be an urban services tax? Right now a portion of our county taxes pay for general maintenance of buildings and

security of county buildings. If we go to metro, are the city buildings maintenance and security going to come under the urban services tax or the general services tax? This also applies to general maintenance on equipment; maintenance of the fleet; gas costs. We know that for those services that we get from the County, that is figured into our tax rate; obviously if we added the fleet of the City of Memphis, that is going to be four or five times higher. There are a lot of things that are not on this list that are going to have to be decided. Need to expand the list.

Comm. Patterson: This is an exceptionally complex issue, to get to the level of detail that is being asked for. Who is going to pay salary of all these employees? It is a daunting thought that from May 13, we have got to get to a point where we tag all of these services and have it done to be signed by August 5, if not by July 29.

Comm. Burkins: I don't think it is realistic for us to have to hammer out every detail. We need to have a very good level, high level of services incorporated in the charter. We need to focus on the issues that are the most important. When the Executive Committee meets, along with Comm. Gibson, Orgel and Patterson, need to go back and hash out this a little bit and come back with recommendation with some input from suburban mayors.

Comm. Orgel: I am trying to understand why Nashville has a tax rate and a consolidated county at \$4.13; and then \$.57 less in the unincorporated.

Mayor Joyner: Our tax rate is \$1.18.

Comm. Orgel: That is still higher than Nashville's because you pay the Shelby County taxes. Are we that inefficient?

Mayor Joyner: Collierville spends a lot of time being as efficient as we possibly can. We are very concerned about where we spend and what businesses we are in and where we spend every dollar that we spend. If you are telling me right now that my general services tax is only going to be \$.57 less than your urban services tax, I am subsidizing somebody somewhere. If the City of Memphis is doing it for \$3.19, then to bring that down, the rest of it is going to have to come from outside the beltway of the City of Memphis, to subsidize that tax rate, if it is only going to be \$.57 different. What I see is that my \$4.02 that I pay has got to go up; there is no way it cannot to pay for the same services and possibly less service.

Comm. Orgel: I am sure we have close to the same number of college grads, PhDs, masters, whatever you have got in the City of Memphis, and we have got – in Shelby County, we have got fewer elected officials, I think their council is bigger when you combine our two, I just don't understand why the citizen who lives in the City of Memphis pays 50% more tax than someone that lives in the urban services district of Davidson County, and they have got the same amenities.

Mayor McDonald: I think you can look to the number of employees. That is what costs us the most. You are going to have to look at the number of people employed with both the City of Memphis and Shelby County and compare that with the number of people employed with Nashville, if in fact, the services are the same, to determine where the difference in cost comes from.

Comm. Orgel: It is 5,000 more (employees in Memphis/Shelby County; excluding schools).

Comm. Patterson: That was my point in looking at this task rates, the glaring difference to me is the number of employees we have in local government, city and county and school versus Metro Nashville. That was my concern from two weeks ago about assuring that everyone keeps their job in the Charter.

Comm. Fowlkes: Task force spent quite a bit of time delving into the service areas and should be able to put forth recommendation involving the services in those task forces. As the chair of public betterment and amenities, I talked with a lot of different people in the community and I could go through and write down an opinion with regard to different services provided. The task forces have already done a lot of the work. The chairs should put together their opinion with regard to the different services areas that apply so that we can work on it on Wednesday in the Executive Committee. That way, we will have their previous research from which to work; to go along with talking with the Mayors. My suggestion is whoever is the task force chair or designated person, look at the list of services and let's just begin making the decisions, write an opinion – we know there are going to be some that are controversial – let's get into it and start designating them. Then we can open it up to the public and they can chime in, the same way we did this past Monday when we had Mayor Goldsworthy there.

Comm. Kerley: We have got so little time in which to do so much work to make sure that the people understand that we are trying to make them as safe as possible in their communities and make sure that we are not doing something that is going to be harmful to them and their pocketbook. Because we are probably not going to be able to get to every detail we would like to get to, and every detail is important, can we phrase this that there may be areas where later on we are going to have to go into some memorandums of understanding in order to look to see what municipalities may have to buy into that particular area and decide then what their costs will be? Is that going to be too ambiguous to say something like that in some of these areas? Legally, can we put that in there? Is that too broad a term?

Mr. Ryder: As I have been listening to this discussion, that thought has occurred to me, whether there is some type of super generic term that we can use to describe the powers ascribed to the general services district versus those ascribed to the urban services district, and at the same time, perhaps provide some reservation of rights to the unconsolidated municipalities which would protect them from some of the litigation that has come out of Nashville and Davidson County. The real issue that we are trying to get into is whether this charter is going to be a charter of very strictly enumerated

powers to the different districts, or whether there will be some unspecified body of un-enumerated powers that leaves it up to the courts ultimately to decide what they can do. I don't think the commission would be very happy with having those un-enumerated powers without some limitation. You have presented a very interesting drafting dilemma and I have not yet come up with a solution, but I think I have identified the problem and maybe an approach that we can take.

Chairman Ellis: Obviously, your goal is for the county tax to go down, not assuming consolidation goes forward, for the county tax to go down? How do you do that?

Mayor Joyner: I would be satisfied if it just didn't go up. We know what we are paying for now, basically. We know that primarily inside the city limits, aside from schools, that we are paying for basically for the jail, courts, and health department and those major services that we see. We don't think about the light bill. When I pay my county taxes, I don't think about the light bill, but if you put the City of Memphis light bill in their, I would or the power to heat and cool those buildings, then I might be concerned about that. I think we are at a point where we are more concerned about the burden being shifted from the Memphis taxpayers to county taxpayers.

Mayor McDonald: I don't know that we can expect taxes to go down significantly any time soon because so much of it is tied – 50% of it is tied to the schools. Half of that left to deal with; and part of that is sales tax oriented; and part of that is property tax. But a great deal of what the county government does is pass through money from the state and federal governments. The little bits that are left that are funded by our property taxes for general services – I don't know where those savings would be, but we would encourage continued searches for efficiency so that it does not go up.

Chairman Ellis: I know Patrice and Grace, you will probably help with looking at the comprehensive budget. That document is one that we need to have. We need to assimilate the six municipalities' budgets in they are in similar formats that we can see and then we need to sit down and understand what elements go into a general service that would not change the tax and hopefully that we will see, as the four benchmark cities, that their taxes have gone down. I would like each of the task force chairs to get back to the Executive Committee your recommendations as to how you see them treated and if they are allocated between urban and general in any certain fashion – allocations are an opportunity for us to consider as our special taxing districts and how we treat those. There is guidance in the Knox County charter as to how they proposed doing it. I ask you to read the documents that we have provided and get to us before next Wednesday your suggestions and copy the CAOs.

Scott Sigman, Regional Chamber -- **Salaries of elected officials in governments of the four benchmarked cities.**

Comparison based on some of the civil service and personnel rolls. Did a survey of the peer cities, along with the City of Memphis and Shelby County. At this point,

Indianapolis, Louisville and Memphis have responded; have not heard back from Shelby County or Jacksonville. These numbers are as reported by these municipalities. Some positions are different in name and subject to some interpretation. In large measure, the salaries, the compensation packages are quite similar but looking specifically at police and fire, there are some particular benefits that are very different. Those are noted in the final sections of each of those communities. The final page of the packet also highlights differences in cost of living. There has been some discussion about the level of population and you may need additional police, fire, governmental general services to serve the larger population. There is as well the consideration that the index, the national average being 100, the communities of Indianapolis, Memphis, Nashville, Louisville are below the national average in terms of cost of living. I also highlighted the gross metropolitan product, that is how much the metropolitan area generates in total revenues and then broke out as the Bureau of Economic Analysis provides, a level of what total private industry does as a proportion of the total GDP, but here it is Gross Metropolitan Product. And then the separate sheet that was provided, the kind of bluish, is a running tally of what the growth has been in private industry over the course of the last seven or eight years from 2001 to 2008; and the national average being 1.39 percent growth; Memphis being just below that at the 1.35 with two of the peer cities above and two of the peer cities' private industries being just below. As we look at the historic growth, the extent of some of the impacts of these other consolidated governments relative to the growth here in Memphis, I present that data for your consideration as you look at those factors in consolidating and providing a public service overall. Some of the salaries in the Memphis package are somewhat higher. There are a very few that are lower. There are quite a few that are in line. In terms of the benefits, there are some comparables, partly based on union and organized labor, collective bargaining efforts that have taken place over many years and so there are going to be distinctions between one community and another. These are broken out – the City of Louisville, for example, provides some additional benefits, tenure pay and tenure benefits after long term period; where in Memphis, it is not as quantifiable, but it is not applicable in the Memphis tally on the last page of the 8½ x 14. Where there is additional sick time, but there is not additional tenure bonuses; but in the other communities, there are.

Comm. Patterson: At the risk of being overly simplistic, do we have a lot more employees than the rest of these people per capita?

Mr. Sigman: We did inquire about the population and that 8½ x 11 sheet does describe the total number of employees for each community and Memphis does have somewhat more, given that Shelby County hasn't responded, and the numbers for Louisville and Indianapolis are for the total consolidated government, 5,700; and in the case of Indianapolis, 4,331 – those are substantially smaller than the level of Memphis and Shelby County at the 14,000 number in terms of total employees, excluding schools in all cases.

Comm. Patterson: So, we have got 10,000 more employees than Indianapolis? What is the population?

Mr. Sigman: 791,926. There are no major services in the benchmark cities that Memphis residents don't get.

Comm. Patterson: And we have 900,000? So, for another 100,000 people, we have got 10,000 more employees. These numbers do not include schools.

Comm. Strickland: Did you count how many jobs Indianapolis has contracted out?

Mr. Sigman: No, the separate authorized full time, but not fulfilled, was a factor that they filled in and did not make that –

Comm. Strickland: Because I do know they privatized a number of their services so that may explain some of it. I did very rough numbers – Memphis, including schools – Memphis and Shelby County have 36,000 employees. Nashville has 19,700, but our population is roughly 900,000; their's is roughly 560,000. We have .4 employees per citizen; they have .35 employees per citizen. That is not that far off. What I cannot explain is why our tax rate is so much higher. You would think that since we have more people paying, our tax rate would not have to be twice as high.

### **Items of Discussion for May 20, 2010**

Chairman Ellis: Mayor Hodges is attempting to work on the Intergovernmental Task Force report. Commissioner Strickland is working on two issues on which he is dependent on outside support from consultants so we are going to move Comm. Strickland to May 27. We are going to do the executive/mayoral report out on May 20. We will do the executive, TF 10 and the intergovernmental task force and hopefully we will have continued reports on the urban versus general.

### **Comments from the Public and Organizations**

None

### **Other business**

Chairman Ellis: The Executive Committee is going to meet on Wednesday at 11:00 am and TF 10 will meet at 1-2 pm at the Crescent Center.

### **Adjournment**

6:33 p.m.